

Message Text

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INFO OCT-01 ISO-00 IO-10 SS-15 NSC-05 NSCE-00 SSO-00 CCO-00

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DRAFTED BY ARA/BR:RELTZ:GRPASCUA:TSHUGART:RWZIMMERMANN:TR

APPROVED BY S/S:LCJOHNSTONE

ARA:AFISHLOW

ARA:HARYAN

NSC:MBROWNELL

IO:ROBLAKE

ARA/BR:RWZIMMERMANN

S/S:RKUCHEL

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TO USDEL SECRETARY

C O N F I D E N T I A L STATE 204781 TOSEC 100242

E.O. 11652: GDS

TAGS:UNGA, OVIP, SEC, BR

SUBJECT: UNGA BILATERAL: BRAZIL -- FOREIGN MINISTER

SILVEIRA

FOR S/S FROM JOHNSTONE - PLEASE ADD THIS BILATERAL PAPER TO
SECRETARY'S UNGA BRIEFING BOOK

SETTING:

YOU LAST MET WITH SILVEIRA ON MAY 10 IN WASHINGTON,
WHEN YOU HOSTED A LUNCHEON IN HIS HONOR. SUBSEQUENTLY,
YOU HAVE CONTINUED AN EXCHANGE OF CORRESPONDENCE, WRITING
HIM ON THE BRAZIL-FRG NUCLEAR AGREEMENT, PREPARATIONS FOR
THE OAS MEETINGS IN SAN JOSE, THE CSCE SUMMIT, BILATERAL
TRADE ISSUES AND THE LIFTING OF THIRD COUNTRY SANCTIONS
REGARDING CUBA; YOU ALSO RESPONDED TO A MESSAGE FROM
SILVEIRA ON INTERNATIONAL WATERWAYS. WE EXTENDED AN
INVITATION TO PRESIDENT GEISEL LAST SPRING FOR A STATE
VISIT TO THE US IN 1975. IN A RECENT COOL REPLY HE SAID
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HE WAS UNABLE TO TRAVEL ABROAD THIS YEAR BUT WOULD BE IN
TOUCH WITH US LATER.

SILVEIRA'S PRINCIPAL INTEREST IS A GENERAL ONE: TO CONTINUE HIS PERSONAL ASSOCIATION AND EXCHANGE OF VIEWS WITH YOU, WHICH HE SEES AS ENHANCING HIS OWN PRESTIGE AND THAT OF BRAZIL. IN SUBSTANTIVE TERMS, HE WILL BE INTERESTED IN RECEIVING AN OVERVIEW OF MAJOR INTERNATIONAL ISSUES. WITH RESPECT TO HEMISPHERE AFFAIRS, SILVEIRA MAY MENTION HIS THESIS OF THE NEED TO REINVIGORATE THE "NEW DIALOGUE" AND BRAZIL'S CONCERN OVER WHAT IT SEES AS A GROWING US TENDENCY TOWARDS TRADE PROTECTIONISM.

OUR OBJECTIVES ARE TO MAINTAIN THE CORDIAL PERSONAL RELATIONSHIP YOU HAVE ESTABLISHED WITH SILVEIRA, TO RE-AFFIRM OUR RECOGNITION OF BRAZIL'S GROWING IMPORTANCE AND TO MAINTAIN A CONTINUING AND MULTI-LEVEL CONSULTATION PROCESS WITH THE GOB. WE WISH ALSO TO CONTINUE TO ENCOURAGE A MODERATE AND RESPONSIBLE BRAZILIAN STANCE IN SUCH INTERNATIONAL FORA AS THE MTN AND THE LAW OF THE SEA CONFERENCE. FINALLY, WE WISH DISCREETLY BUT FRANKLY TO CALL SILVEIRA'S ATTENTION TO THE ISSUE OF HUMAN RIGHTS WHICH COULD INJECT PROBLEMS INTO OUR RELATIONSHIP.

ISSUES/TALKING POINTS

1. SILVEIRA'S VIEWS ON THE NEW DIALOGUE AND BRAZIL'S HEMISPHERE POLICY.

BACKGROUND: IN A WIDE-RANGING SPEECH AUGUST 14 WHICH REVIEWED BRAZIL'S HEMISPHERE POLICY, SILVEIRA SAID THAT THE SPIRIT UNDERLYING THE "NEW DIALOGUE" HAD FADED. HE NOTED THAT SELA WAS NO SUBSTITUTE, HOWEVER, AND HOPED IT WOULD BE POSSIBLE TO RETURN TO THE KEY CONCEPT OF DIALOGUE IN US-LA RELATIONS. HE REITERATED HIS VIEW THAT THE US HAS A GROWING RESPONSIBILITY FOR ASSURING THE FULFILLMENT OF LA ASPIRATIONS BUT THERE WAS LITTLE INTIMATION OF RECIPROCITY. SILVEIRA ALSO CALLED FOR A NEGOTIATED UNDERSTANDING REGARDING TRANSNATIONAL CORPORATIONS USING THE LA CONSENSUS AS A BASE. HE ALSO STATED THAT BRAZIL EXPECTED TO PLAY A MAJOR ROLE IN THE CONTINENT.

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WE CONSIDER THE SPEECH TO BE UNUSUALLY CLEAR AND EVEN CANDID WITH REGARD TO BRAZIL'S VIEW OF ITS HEMISPHERE RELATIONSHIPS; HIS REFERENCES TO THE DESIRABILITY OF REVIVING THE NEW DIALOGUE WERE POSITIVE.

YOUR TALKING POINTS

-- YOUR SPEECH REVIEWING BRAZIL'S HEMISPHERE POLICY WAS CLEAR, CANDID AND CONSTRUCTIVE.

-- YOUR CALL FOR GREATER DIALOGUE BETWEEN THE US AND LATIN

AMERICA WAS A POSITIVE DEVELOPMENT.

-- VARIOUS UN AND OAS FORA SHOULD ALL PROVIDE AMPLE OPPORTUNITIES FOR DIALOGUE.

2. CONSULTATIONS ON ECONOMIC AND TRADE MATTERS
BACKGROUND: BRAZIL IS INCREASINGLY CONCERNED THAT HER VITAL SUBSIDIZED EXPORT PROGRAM WILL TRIGGER PROTECTIVE ACTIONS BY THE US. (BRAZIL'S TRADE DEFICIT WITH THE US ALONE IN 1974 WAS \$1.4 BILLION). AT THE SAME TIME BRAZIL HAS INSTITUTED OR EXPANDED IMPEDIMENTS TO IMPORTS, SOME OF WHICH ARE CAUSING CONCERN TO OUR EXPORTERS.

DURING HIS BRAZIL VISIT IN JULY, UNDERSECRETARY ROBINSON PROPOSED A BILATERAL CONSULTATIVE MECHANISM DESIGNED TO IDENTIFY SOLUTIONS TO ECONOMIC AND TRADE PROBLEMS. THE GOB HAS AGREED. MEANWHILE, IN AUGUST YOU WROTE TO SILVEIRA EXPRESSING RESERVATIONS CONCERNING THE RETALIATORY FLAVOR OF A NEW GOB UNILATERAL DECREE DESIGNED TO PUNISH COUNTRIES PLACING SPECIAL RESTRAINTS ON IMPORTS FROM BRAZIL. OUR COUNTERVAILING DUTIES CONTINUE TO BE A PRICKLY ISSUE AND IN ADDITION TO SHOES, WE HAVE TWO NEW CASES. MOREOVER, THE AMERICAN FOOTWEAR ASSOCIATION HAS FILED ESCAPE CLAUSE ACTION UNDER THE 1974 TRADE ACT, AND FURTHER IMPEDIMENTS TO SHOE IMPORTS FROM BRAZIL COULD RESULT.

YOUR TALKING POINTS
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-- HOPEFULLY THE NEW CONSULTATIVE SUB-GROUP ON TRADE WILL GET OFF TO A GOOD START IN OCTOBER AND ACHIEVE BETTER UNDERSTANDING.

-- BECAUSE OF OUR NEW CONSULTATIVE ARRANGEMENTS I WAS DISTURBED OVER THE UNILATERAL ISSUANCE OF YOUR NEW DECREE PROVIDING FOR RETALIATION IN TRADE MATTERS.

-- WE ARE SENSITIVE TO LDC CONCERNS BUT REMAIN CONVINCED THAT ISSUES RELATING TO NON-TARIFF TRADE BARRIERS CAN BEST BE SETTLED IN THE LONG RUN BY INTERNATIONAL AGREEMENT.

-- WITH REGARD TO THE US SHOE MANUFACTURERS' ACTION, THERE WILL BE A COMPLETE INVESTIGATION BY THE INTERNATIONAL TRADE COMMISSION WITH AN OPPORTUNITY FOR ALL PARTIES TO BE HEARD.

3. LAW OF THE SEA

BACKGROUND: WHILE MAINTAINING A FAIRLY LOW PROFILE,

BRAZIL -- WHICH CLAIMS A 200 MILE TERRITORIAL SEA --
GENERALLY ALIGNED ITSELF WITH THE LDC'S AT GENEVA. ON
SEABEDS, IT HAS PLAYED A CLEVER GAME SINCE, AS ONE OF THE
MOST DEVELOPED LDC'S, IT CAN HOPE TO BENEFIT EITHER UNDER
THE DUAL EXPLOITATION PLAN OR THE EXCLUSIVE INTERNATIONAL
ORGANIZATION FOR EXPLOITATION.

WE BELIEVE THAT THE LONGER TERM INTERESTS OF BRAZIL
ON ISSUES SUCH AS FREEDOM OF NAVIGATION AND NATIONAL
ACCESS TO DEEP SEABED RESOURCES ARE CLOSER TO OUR OWN THAN
TO THOSE OF THE LDC CAMP. WE WISH TO ENCOURAGE BRAZIL
TO RECONSIDER ITS POSITIONS ON THESE ISSUES.

YOUR TALKING POINTS

-- AS I SAID IN MONTREAL IT IS IMPORTANT TO WORLD ORDER
AND PROGRESS THAT WE REACH A WORKABLE INTERNATIONAL
ARRANGEMENT. TIME IS GROWING SHORT.

-- AS BRAZIL'S MARITIME POWER INCREASES, FREEDOM OF
NAVIGATION WILL BECOME INCREASINGLY IMPORTANT TO BRAZIL.
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HENCE, THE GOB MAY WISH TO BALANCE ITS INTEREST IN CON-
TROLLING EXPLOITATION OF COASTAL RESOURCES WITH ITS FUTURE
NATIONAL INTEREST IN FREEDOM OF NAVIGATION, ESPECIALLY
AS BRAZIL HAS GREATER POTENTIAL FOR SEABED EXPLOITATION
THAN MOST LDC'S.

-- ON DEEP SEABEDS, MY PROPOSAL FOR A DUAL SYSTEM OF
EXPLOITATION WAS AN ATTEMPT TO BREAK THE DEADLOCK BETWEEN
THE INDUSTRIALIZED AND DEVELOPING STATES.

-- IT WOULD BE RISKY TO MAKE RIGHT OF ACCESS TO THESE
RESOURCES DEPENDENT ON THE POLITICAL WHIMS OF AN INTER-
NATIONAL AUTHORITY.

4. HUMAN RIGHTS

BACKGROUND: PRESIDENT GEISEL HAS GRADUALLY EASED
POLITICAL CONTROLS: MOST PRESS CENSORSHIP WAS REMOVED;
CONGRESSIONAL ELECTIONS WERE FAIRLY FREE; CONGRESS HAS
BECOME MORE VOCAL. BUT ARBITRARY ARRESTS AND TORTURE
HAVE CONTINUED AND IN RECENT MONTHS HARDLINE OPPOSITION
WITHIN THE MILITARY TO THE LIBERALIZATION PROGRAM HAS
INTENSIFIED. IN AN AUGUST 1 SPEECH GEISEL CLEARLY
SIGNALLED THAT THERE WOULD BE NO NEW INITIATIVES TOWARD
POLITICAL LIBERALIZATION IN THE FORESEEABLE FUTURE.

WE HAVE VOICED OUR CONCERN OVER HUMAN RIGHTS TO
APPROPRIATE BRAZILIAN OFFICIALS IN THE PAST, BUT IN VIEW
OF CONTINUED CONGRESSIONAL ATTENTION TO THIS QUESTION AN

EXPRESSION OF YOUR CONCERN WILL BE HELPFUL IN EMPHASIZING THAT THIS COULD BECOME A SERIOUS ISSUE IN OUR RELATIONS. AMBASSADOR ARAUJO CASTRO HAS CONFIDENTIALLY SAID THAT HE HAS BEEN TRYING TO IMPRESS SILVEIRA ON THIS POINT BUT IS NOT SURE HE IS GETTING THROUGH.

YOUR TALKING POINTS

-- A VERY DELICATE BUT POTENTIALLY TROUBLESOME ISSUE IS THE QUESTION OF HUMAN RIGHTS. THERE IS GROWING PRESS AND CONGRESSIONAL INTEREST AND INCREASING ACTIVITY IN INTERNATIONAL BODIES.

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-- CLEARLY THE QUESTION OF BASIC HUMAN RIGHTS TRANSCENDS NATIONAL BOUNDARIES. IT IS AN ESSENTIAL INGREDIENT OF USG POLICY. AT THE SAME TIME WE RECOGNIZE THAT FEW COUNTRIES, NOT EXCEPTING OUR OWN, HAVE A PERFECT RECORD.

-- CONGRESSIONAL PRESSURES, LINKING OTHER NATIONS' HUMAN RIGHTS PERFORMANCE WITH US MILITARY AND ECONOMIC ASSISTANCE, COULD GIVE US PROBLEMS IN MAINTAINING A COOPERATIVE RELATIONSHIP WITH CERTAIN COUNTRIES.

5. NUCLEAR COOPERATION (IF RAISED)

BACKGROUND: DESPITE THE JUNE AGREEMENT WITH THE FRG, BRAZILIAN OFFICIALS CONTINUE TO LOOK TO THE US AS A SOURCE OF ENRICHED URANIUM -- AT LEAST FOR THE FIRST TWO REACTORS TO BE BUILT UNDER THE GERMAN AGREEMENT. PROVISION OF FUEL IS DEPENDENT UPON THE CONCLUSION OF AN EXPANDED BILATERAL COOPERATION AGREEMENT AND THE CONVERSION OF BRAZIL'S CONDITIONAL NUCLEAR ENRICHMENT CONTRACTS INTO FIRM CONTRACTS. DEPENDING UPON IMPLEMENTATION OF THE BRAZIL-FRG AGREEMENT, IT IS POSSIBLE THAT THE BRAZILIANS COULD RENEW THEIR INTEREST IN THE PURCHASE OF US REACTORS IN THE FUTURE. THE BRAZILIANS ARE UNHAPPY OVER THE CONSIDERABLE US DELAY IN INITIATING NEGOTIATIONS FOR AN EXPANDED AGREEMENT AND WITH WHAT THEY CONSIDER TO BE UNWARRANTED CRITICISM OF THEIR AGREEMENT WITH THE FRG.

WE ALSO WISH TO MOVE FORWARD WITH A NEW BILATERAL COOPERATION AGREEMENT, BUT THE BRAZIL-FRG ARRANGEMENT HAS COMPLICATED OUR TASK. WE EXPECT ANY ACCORD WE CONCLUDE WITH BRAZIL WILL BE SUBJECTED TO CRITICAL SCRUTINY. WE ARE REFINING PLANS FOR OUR NEXT APPROACH TO THE BRAZILIANS WHICH MAY INVOLVE AN INITIAL EXPLORATORY DIALOGUE FOLLOWED BY THE PRESENTATION OF A PROPOSED DRAFT AGREEMENT.

YOUR TALKING POINTS

-- WE WISH TO CONTINUE TO COOPERATE WITH BRAZIL IN ITS
DESIRE FOR THE PEACEFUL DEVELOPMENT OF NUCLEAR POWER, AND
EXPECT TO BEGIN SUBSTANTIVE DISCUSSIONS IN THE NEAR
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FUTURE.

-- THE PRESIDENT'S DECISION TO EXPAND US ENRICHMENT
CAPACITY PROVIDES THE BASIS FOR BRAZIL TO ACQUIRE FIRM
FUEL CONTRACTS WITH US INDUSTRY BY THE TIME THE FUEL IS
NEEDED IN FUTURE FACILITIES.

6. CIVIL AVIATION (IF RAISED)

BACKGROUND: CURRENT CIVIL AVIATION PROBLEMS WITH
BRAZIL INCLUDE THE DENIAL OF PAA ACCESS TO THE MAJOR
AIRPORT IN SAO PAULO AND RECIPROCITY IN TAX FREE FUEL AND
SERVICES FOR INTERNATIONAL FLIGHTS. WE FEEL THE GOB
ACTIONS NOTED ABOVE DISCRIMINATE AGAINST US CARRIERS. IN
AN EFFORT TO UNDERLINE OUR DISSATISFACTION THE CAB HAS
DEMANDED THAT VARIG, THE BRAZILIAN CARRIER, FILE FLIGHT
SCHEDULES AS REQUIRED BY THE US-BRAZIL AVIATION AGREEMENT.
THE GOB HAS DENIED THE NECESSITY OF FILING SCHEDULES BUT
HAS ACCEPTED OUR PROPOSAL FOR CONSULTATIONS.

YOUR TALKING POINTS

-- WE ARE PLEASED THAT THE GOB AGREED TO CONSULT ABOUT
OUR CURRENT DIFFICULTIES.

-- HOPEFULLY OUR DIFFERENCES CAN BE RESOLVED IN THE
COURSE OF THESE TALKS.
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